

HOUSE BILL REPORT

HB 2659

As Passed House:
February 13, 2010

Title: An act relating to modifying reporting requirements for timber purchases.

Brief Description: Modifying reporting requirements for timber purchases.

Sponsors: Representatives Ormsby, Orcutt, Blake, Smith, Sullivan and Van De Wege.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/21/10 [DP].

Floor Activity:

Passed House: 2/13/10, 95-0.

Brief Summary of Bill

- Extends the authority to require a timber purchase report to July 1, 2014.
- Revises the information collected in a timber purchase report.
- Provides for confidentiality of data submitted in a timber purchase report.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 12 members: Representatives Blake, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Jacks, Kretz, Lias, McCoy, Nelson, Pearson, Rolfes and Van De Wege.

Staff: Leslie Ryan-Connelly (786-7166).

Background:

Every harvester of timber is required to pay an excise tax of 5 percent of the stumpage value of any trees that are harvested. The excise tax applies to timber harvested from both private and public lands.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Every person who purchases more than 200,000 board feet of private timber in a voluntary sale is required to report certain information in a timber purchase report to the Department of Revenue (Department). Information that is required in the timber purchase report includes the sale date, total sale price, total acreage involved in the sale, net volume of timber purchased, road construction that was required, data from the timber cruise, and any timber thinning information. The Department may assess a penalty of \$250 for failure to submit the timber purchase report each month.

Information gathered in the timber purchase report is used by the Department to establish tables of stumpage values. A stumpage table is required to be prepared for each species of tree that is commercially harvested in Washington. The values on the tables indicate the amount that each species would sell for at a voluntary sale made in the ordinary course of business. The stumpage value tables are used to calculate the excise tax due from each timber harvester.

The requirement to submit a timber purchase report to the Department expires on July 1, 2010.

Summary of Bill:

The timber purchase report requirement is revised to also include:

- the seller's name, address and contact information;
- the forest practices application or harvest permit number, if available;
- an estimate of net volume by tree species and log grade; and
- a description and value of all property improvements such as road construction, road improvements, reforestation, land clearing, and stock piling of rocks;

Timber cruise and timber thinning data are no longer required information for the timber purchase report. Timber purchase reports submitted are confidential taxpayer information under the Excise Taxes Law.

The expiration date for authority to require a timber purchase report is extended from July 1, 2010, to July 1, 2014.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The state needs to know the value of the timber harvested in order to set the excise tax. Authority for the reporting requirement expires this summer. If the authority is not extended, there is no other way to determine the tax amount. The bill primarily extends

the expiration date. The reporting requirement only applies to arms-length timber transactions.

(Opposed) None.

Persons Testifying: Representative Ormsby, prime sponsor; and John Ehrenreich, Washington Forest Protection Association.

Persons Signed In To Testify But Not Testifying: None.